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Article

World Economy Autumn 2019 - World economy picks up only slowly

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KIEL INSTITUTE **ECONOMIC OUTLOOK**

World Economy
Autumn 2019

Finalized September 10, 2019



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No. 57 (2019|Q3)

*Klaus-Jürgen Gern, Stefan Kooths, Saskia Möhle,
and Ulrich Stolzenburg*

Forecasting Center

WORLD ECONOMY PICKS UP ONLY SLOWLY

Klaus-Jürgen Gern, Stefan Kooths, Saskia Möhle, and Ulrich Stolzenburg

Global economic activity has remained sluggish in the first half of 2019 and will gather momentum only slowly. While economic activity in industrial countries decelerated in the course of the year, growth in emerging economies picked up slightly from a low base. Global industrial production is especially weak, and world trade has even been declining since the start of the year. World output is forecast to rise by only 3.1 percent in 2019, after 3.7 percent in 2018. Trade conflicts triggered by the US and uncertainties around the economic repercussions of policies pursued by populist governments in a number of emerging economies are clouding the outlook. In addition, the timing and modalities of Brexit remain unclear. Against this backdrop, world economic growth is projected to remain modest in 2020 at 3.2 percent. Thus we have revised downwards our forecasts for both this year and next by 0.1 percentage point compared with our June report. Supported by a more expansive monetary policy and under the assumption that international economic policy tensions will not escalate, we expect a more pronounced strengthening of world economic activity in 2021. However, growth will remain moderate by historical standards at 3.4 percent.

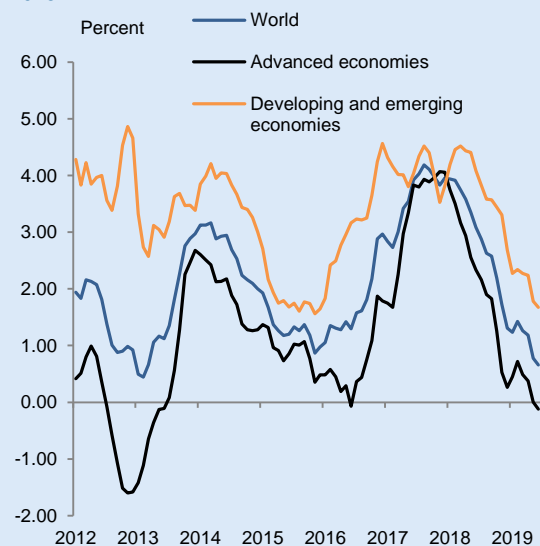
Economic environment

The global economy continued to expand with little momentum. Growth remained subdued in the first half of 2019, even though it was somewhat stronger than at the end of 2018. In the second quarter, global activity expanded at 0.8 percent, the same rate as in the previous quarter. While the increase in production slowed somewhat in most advanced economies, economic activity in emerging markets picked up slightly. At the same time, industrial production is in a broad-based global downturn. In advanced economies, it has been declining since the end of last year and its expansion in emerging countries has been weak (Figure 1).

Economic growth slowed down in advanced economies. Economic activity increased only moderately in the second quarter. It still expanded noticeably in the United States and in Japan, but only weakly in the euro zone and it even declined in the United Kingdom. Despite the economic slowdown, employment continued to rise and unemployment fell further or remained at historically low levels.

Growth in emerging markets remained moderate. After a notable deceleration of economic activity in the course of 2018, the increase in production gathered some pace in the first half of this year but continued to show little momentum. The economic expansion in China slowed further, albeit only

Figure 1:
Industrial production by groups of countries, 2012–2019



Monthly data; seasonally adjusted.
3-month moving average of the annual rate of change.

Source: CPB, World Trade Monitor.

slightly thanks to expansive economic policy. In India, on the other hand, the slowdown was quite substantial. The pace of expansion also decelerated in other Asian economies. Latin America recovers only very hesitantly from the setback that had occurred in the course of last year, and the recession in Argentina set to continue.

World trade has been falling since the end of last year. International trade has not recovered from its marked slowdown at the end of last year. In the second quarter of 2019, world trade dropped by 0.7 percent quarter-on-quarter, according to CPB trade figures, resulting in a 1.4 percent lower trade volume compared to the previous year. The weakness in foreign trade was widespread and is likely to continue. However, the main countries involved in trade disputes, China and the United States, do not appear to be particularly hard hit. While China's trade volume fell by 1 percent in the course of a year, mainly due to a sharp drop in imports, the level of the previous year was slightly exceeded in the United States.

Commodity prices have come under pressure due to increasing concerns about the economic outlook. Brent prices slipped to around 60 US dollar although supply was reduced by OPEC and other countries involved in the agreement on production restrictions (in particular Russia). In the US, oil companies have reduced their drilling activities in light of abundant oil supply and falling prices. The subdued economic outlook is also reflected in the fact that some non-ferrous metals, which are particularly sensitive to economic fluctuations, have become significantly cheaper.

Monetary policy in advanced economies will be eased again. While consumer price inflation in advanced economies accelerated somewhat in spring due to higher oil prices, core inflation remained largely unchanged. It is still below target in the euro area and Japan; and largely on target in the United States at around 2 percent. Given that capacity utilization in advanced economies is still high and labor markets continue to be tight, we do not expect inflation to decelerate. However, an acceleration of prices is also unlikely in the current economic situation. Against the backdrop of a deteriorating global outlook and increasing uncertainty about economic prospects for the US, the Fed has already started to lower interest rates and we expect further rate cuts over the next months. The European Central Bank has also announced further expansive measures and the Japanese central bank will similarly keep policy rates around zero going forward.

The prospect of lower US policy rates has increased the scope for interest rate cuts in emerging economies. The reversal towards a more expansive monetary policy in the United States was accompanied by a sharp decline in US capital market interest rates, making emerging market investments more attractive. As a result, the devaluation pressure on currencies in emerging markets eased, allowing central banks to lower their interest rates. As a consequence, monetary policy has become more expansive over the past months in emerging economies, on balance.

Outlook

Global growth is expected to remain moderate over the forecast horizon. Recently, economic sentiment has continued to deteriorate. This is reflected in the IfW-indicator for global economic activity (based on sentiment indicators from 42 countries) which continues to show a downward trend, mostly driven by a further deterioration of sentiment in advanced economies (Figure 2). While we revised our forecast downwards by 0.1 percentage points this and next year, we do not expect a further significant slowdown in the pace of global economic expansion, which could be interpreted as a global recession. Our outlook for global growth is now at 3.1 percent for this year and 3.2 percent in 2020, down from 3.7 percent in 2018. In 2021, world production is set to gradually accelerate and will expand by 3.4 percent.

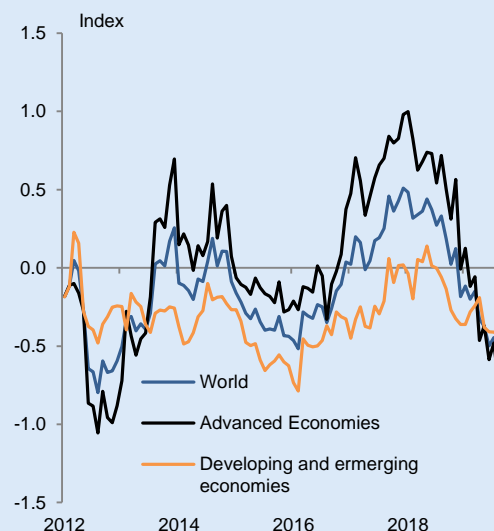
While the risks for the global economy are considerable, they are not only tilted to the downside. An additional escalation of trade conflicts could slow the global economy further. At the same time, a breakthrough in the negotiations could give a clear positive impetus to the global economy. Brexit poses an additional downside risk, even though the forecast already contains considerable negative effects on the economy, in particular for the UK. However, they could turn out to be even more pronounced in the worst case scenario. Moreover, potential corrections of the elevated prices of stocks, bonds and real estate pose a risk to financial stability given the broad-based increase in debt over the past years both in advanced and emerging economies.

Capacity utilization in advanced economies is declining, albeit slowly and from high levels.

The upswing in advanced economies is over, but growth is likely to continue at moderate rates thanks to additional stimuli from monetary policies, generally supportive fiscal policies and—despite problems in some countries—accelerating demand in developing and emerging countries. The economy in the United States is losing momentum, but is expected to expand by 2.2 percent this year and 1.5 percent next year on the back of robust private consumption. In 2021, the increase in production is expected to be only slightly below potential at 1.7 percent. In the euro area, the economy continues to be supported by low interest rates and slightly expansive fiscal policies. We therefore expect the moderate economic expansion to continue with rates of 1.2 percent both this and next year, and a slightly higher growth rate of 1.5 percent in 2021. Finally, the UK economy will be weighed down by Brexit in the coming months—either by the frictions associated with the exit or by continued uncertainty. As a result, the increase in output is likely to be very small at 0.2 percent in 2020, after 1.1 percent this year. In 2021, we expect the economy to pick up again, with economic activity expanding by 1.5 percent.

Growth in emerging economies will accelerate somewhat but will remain subdued compared with the previous two years. Recovery of economic activity from last year's slump will be gradual in many countries. At the same time, China continues its transition towards a slower growth trajectory. We expect growth there to decrease to 6.2 percent in 2019, 5.9 percent in 2020 and 5.7 in 2021.

Figure 2:
Business expectations by groups of countries, 2012–2019



Monthly data, seasonally adjusted. Indicators are based on business expectations in 42 countries (34 advanced economies and 8 emerging economies).

Source: OECD, *Main Economic Indicators*; national sources; own calculations.

Table 1:
Real GDP and consumer prices in selected countries and regions, 2019–2021

	Gross domestic product			Consumer prices		
	2019	2020	2021	2019	2020	2021
United States	2.2	1.5	1.7	1.9	2.2	2.2
Japan	1.1	0.7	1.3	1.1	1.6	0.9
Euro Area	1.2	1.2	1.5	1.2	1.2	1.3
United Kingdom	1.1	0.2	1.5	1.9	2.5	2.1
Advanced economies total	1.7	1.4	1.7	1.6	1.8	1.8
China	6.2	5.9	5.7	2.4	2.3	2.3
Latin America	-0.2	1.4	2.2	8.9	6.1	5.2
India	5.9	6.7	6.9	2.8	3.6	4.0
East Asia	4.6	4.7	4.6	2.4	2.9	2.9
Russia	0.6	1.5	1.8	4.6	3.5	3.5
World economy total	3.1	3.2	3.4	3.6	3.4	3.4
<i>Addendum:</i>						
World trade volume	-0.7	0.8	2.5	.	.	.
Oil price (Brent in US\$)	63.3	60.9	62.2	.	.	.
World economy total (weighted according to GDP at market exchange rates)	2.5	2.5	2.8	3.0	2.9	2.9

Weighted according to GDP at PPP rates. East Asia: Emerging Asia excluding China and India. Shaded: IfW forecast.

Source: IfW forecast.

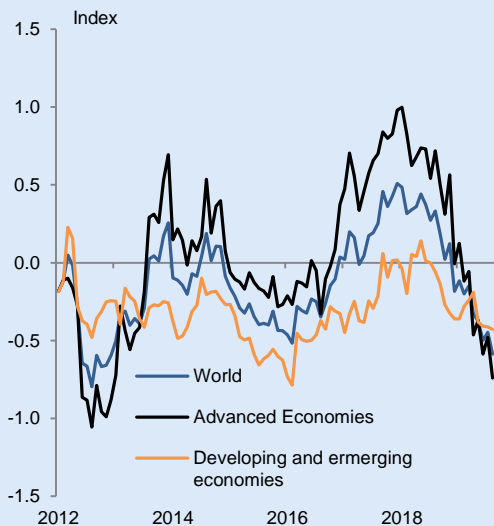
Data annex

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1. World Economy

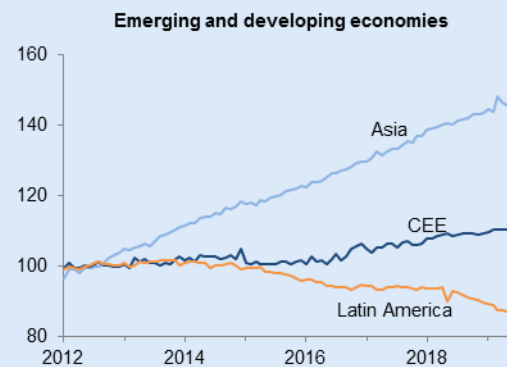
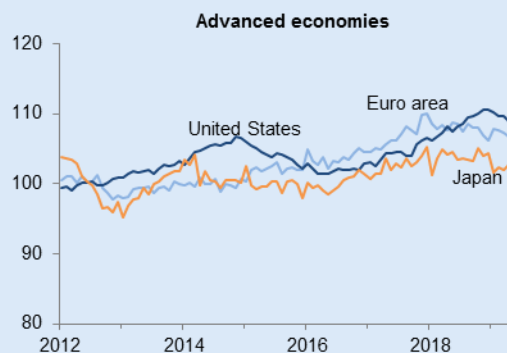
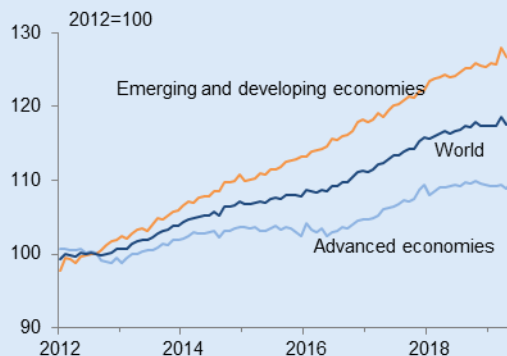
Figure 1.1:
Business expectations by groups of countries, 2012–2019



Monthly data, seasonally adjusted. Indicators are based on business expectations in 42 countries (34 advanced economies and 8 emerging economies).

Source: OECD, *Main Economic Indicators*; national sources; own calculations.

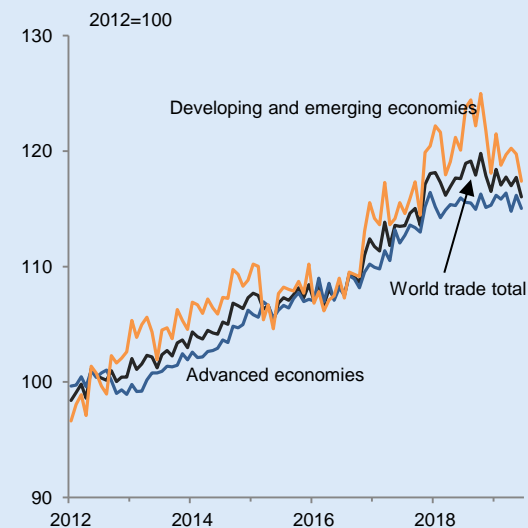
Figure 1.2:
Industrial production by groups of countries and regions, 2012–2019



Monthly data. Last value: March 2019.

Source: CPB, *World Trade Monitor*.

Figure 1.3:
World Trade, 2012–2019

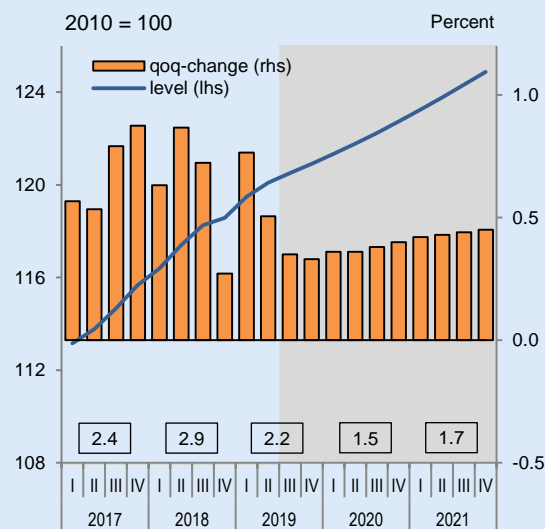


Monthly data.

Source: CPB, *World Trade Monitor*; own calculations.

2. United States

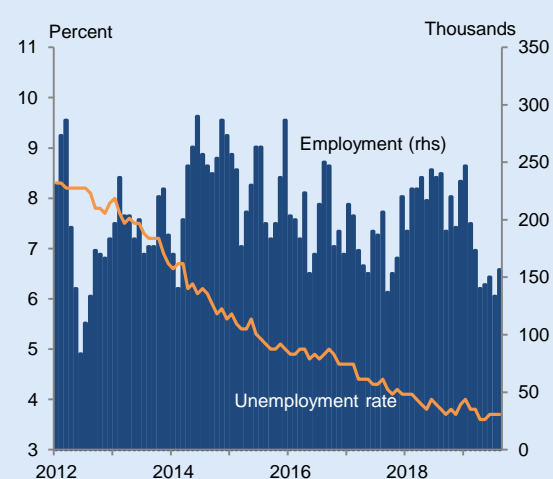
Figure 2.1:
GDP, 2017–2021



Quarterly data, price, seasonally and calendar adjusted, qoq-change; annual rate of change (boxes).

Source: Bureau of Economic Analysis; shaded: IfW forecast.

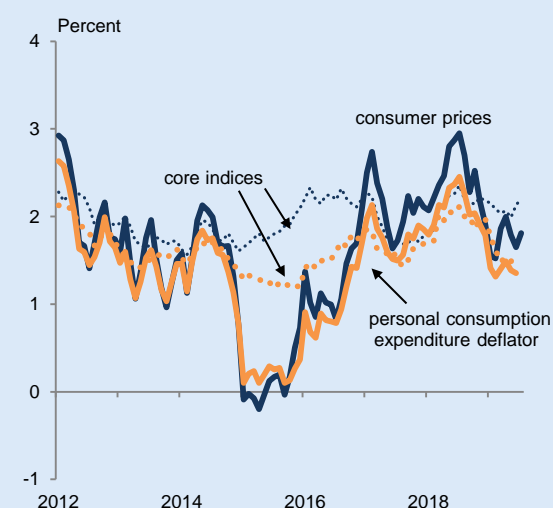
Figure 2.2:
Labor market, 2012–2019



Monthly data; seasonally adjusted. Employment: 3-month moving average of monthly change in employment.

Source: US Department of Labor, *Employment Situation*.

Figure 2.3:
Consumer prices, 2012–2019



Monthly data; change over previous year. Core index: consumer prices excluding energy and food.

Source: US Department of Labor, *Consumer Price Index*.

Table 2.1:
Key indicators United States, 2019–2021

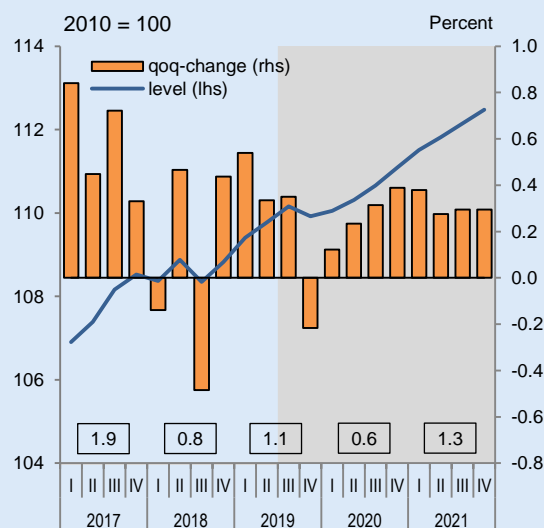
	2019	2020	2021
Gross Domestic Product	2.2	1.5	1.7
Domestic expenditure	2.4	1.6	1.7
Private consumption	2.3	1.6	1.5
Government consumption	2.3	1.8	1.6
Gross fixed capital formation	2.1	2.6	2.8
Machinery and equipment	2.7	2.9	2.3
Intellectual property rights	7.5	3.3	3.2
Structures	-2.0	1.9	2.9
Residential investment	-2.0	1.9	2.8
Inventories	0.1	-0.2	0.0
Net exports	-0.2	-0.1	0.0
Exports	0.4	2.3	2.8
Imports	1.9	2.8	2.8
Consumer prices	1.9	2.2	2.2
Unemployment rate	3.7	3.9	3.9
Current account balance	-2.4	-2.6	-2.6
Government budget balance	-4.5	-4.5	-4.5

GDP: volumes, change over previous year, percent. Net exports, inventories: contribution to growth, percentage points. Unemployment rate: unemployed in relation to labor force, percent. Current account balance, government budget balance: percent of nominal GDP. Budget balance: fiscal year.

Source: US Department of Commerce, *National Economic Accounts*; US Department of Labor, *Employment Situation and Consumer Price Index*; US Department of the Treasury, *Monthly Treasury Statement*; own calculations; shaded: IfW forecast.

3. Japan

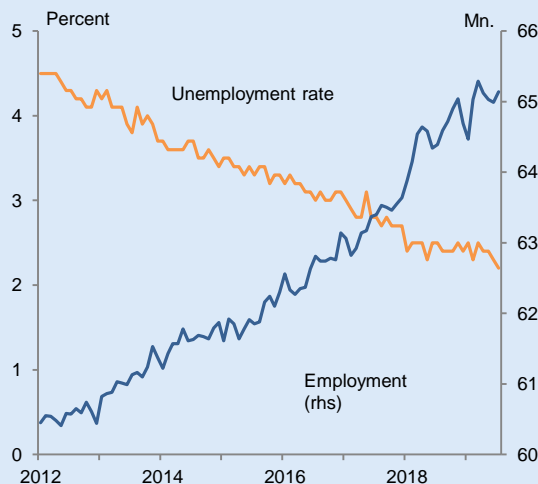
Figure 3.1:
GDP, 2017–2021



Quarterly data, price, seasonally and calendar adjusted, qoq-change; annual rate of change (boxes).

Source: Cabinet office, *National Accounts*; shaded: IfW forecast.

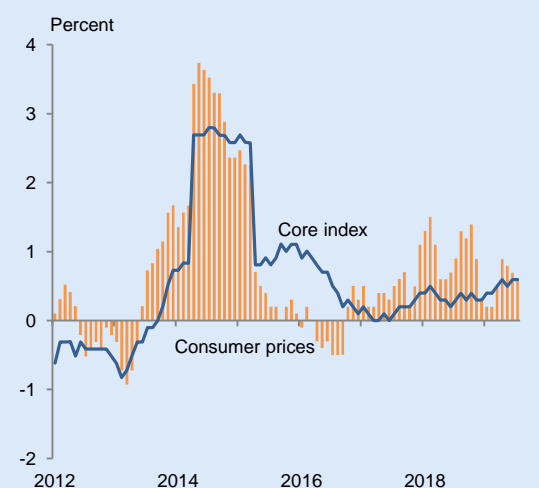
Figure 3.2:
Labor market, 2012–2019



Monthly data; seasonally adjusted.

Quelle: Department of Labor.

Figure 3.3:
Consumer prices, 2012–2019



Monthly data; change over previous year. Core index: consumer prices excluding energy and fresh food.

Source: Statistics Bureau of Japan.

Table 3.1:
Key indicators Japan, 2018–2021

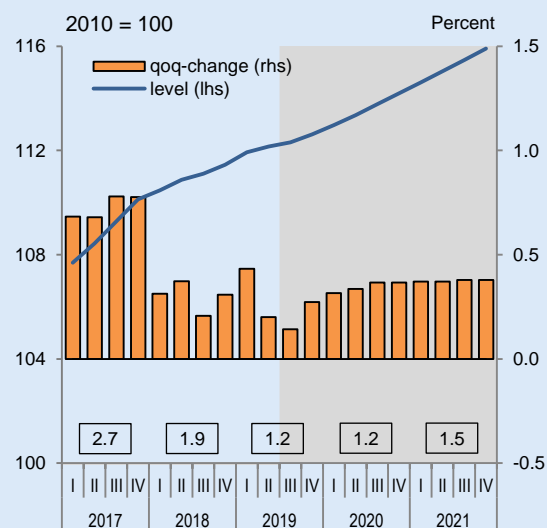
	2018	2019	2020	2021
Gross Domestic Product	0.8	1.1	0.7	1.3
Domestic expenditure	0.8	1.4	0.7	1.3
Private consumption	0.4	0.8	0.6	1.3
Government consumption	0.8	1.7	1.2	1.2
Gross fixed capital formation	1.1	1.7	0.6	1.2
Enterprises	3.9	1.8	0.1	2.0
Residential Investment	-5.9	2.0	1.2	1.2
Public investment	-3.4	1.1	1.9	-1.8
Change in inventories	0.1	0.2	0.0	0.0
Net exports	0.0	-0.2	0.0	0.8
Exports	3.4	-1.9	0.6	3.0
Imports	3.3	-0.5	0.9	2.7
Consumer prices	1.0	1.1	1.6	0.9
Unemployment rate	2.4	2.4	2.3	2.3
Current account balance	3.5	3.3	3.1	3.0
Government budget balance	-2.5	-2.8	-2.3	-2.1

Percent. GDP: volumes, change over previous year, percent. Net exports, inventories: contribution to growth, percentage points. Unemployment rate: unemployed in relation to labor force. Current account balance, government budget balance: percent of nominal GDP.

Source: Cabinet Office, *National Accounts*; OECD, *Main Economic Indicators*; own calculations; shaded: IfW forecast.

4. Euro Area

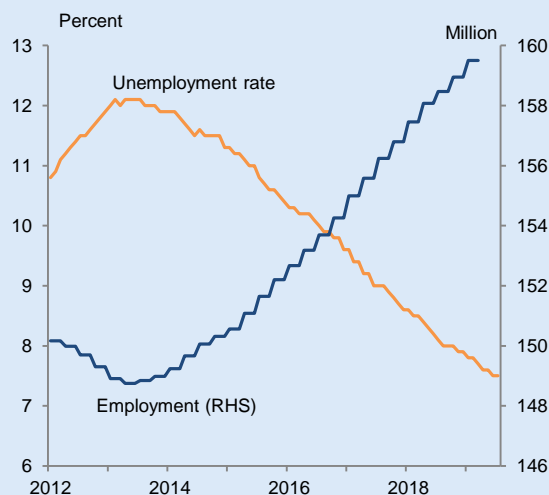
Figure 4.1:
GDP, 2017–2021



Quarterly data, price, seasonally and calendar adjusted, qoq-change. Annual data: price adjusted, annual rate of change (boxes).

Source: Federal Statistical Office, Fachserie 18, Series 1.3; shaded: IfW forecast.

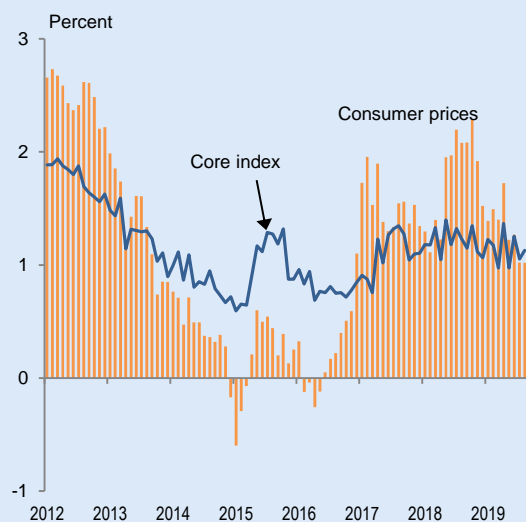
Figure 4.2:
Labor market, 2012–2019



Monthly data; seasonally adjusted.

Source: Eurostat, *Labor Statistics*; ECB, *Monthly Bulletin*.

Figure 4.3:
Consumer prices, 2012–2019



Monthly data; y-o-y change. Core index: HICP without energy and unprocessed food.

Source: Eurostat, *Price Statistics*.

Table 4.1:
Key indicators Euro Area, 2018–2021

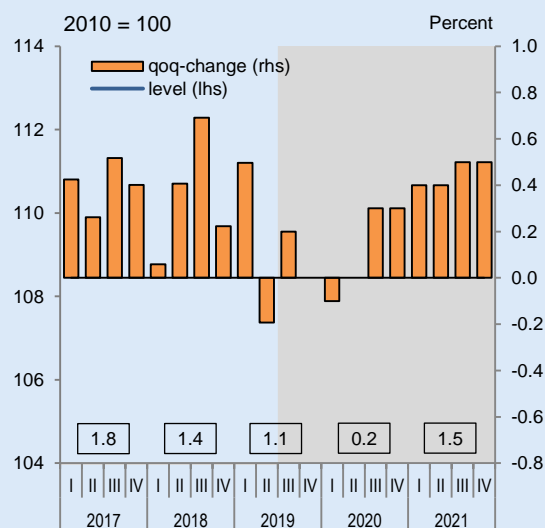
	2018	2019	2020	2021
Gross Domestic Product	1.9	1.2	1.2	1.5
Domestic expenditure	1.5	1.1	1.4	1.5
Private consumption	1.4	1.1	1.2	1.4
Government consumption	1.1	1.4	1.6	1.4
Gross fixed capital formation	2.3	2.6	1.8	2.0
Inventories	0.0	-0.4	-0.0	0.0
Net exports	0.5	0.1	-0.1	0.0
Exports	3.5	2.6	2.3	3.2
Imports	2.7	2.6	2.8	3.5
Consumer prices	1.7	1.2	1.2	1.3
Unemployment rate	8.2	7.5	7.2	6.9
Current account balance	2.9	2.5	2.3	2.2
Government budget balance	-0.5	-0.9	-1.2	-1.4

GDP: volumes, change over previous year, percent. Net exports, inventories: contribution to growth, percentage points. Unemployment rate: unemployed in relation to labor force, percent. Current account balance, government budget balance: percent of nominal GDP.

Source: Eurostat, *National Accounts*; own calculations; shaded: IfW forecast.

5. United Kingdom

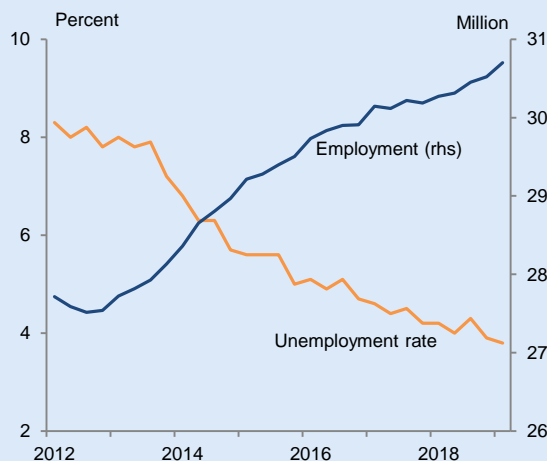
Figure 5.1:
GDP, 2017–2021



Quarterly data, price, seasonally and calendar adjusted, qoq-change; annual rate of change (boxes).

Source: Cabinet office, *National Accounts*; shaded: IfW forecast.

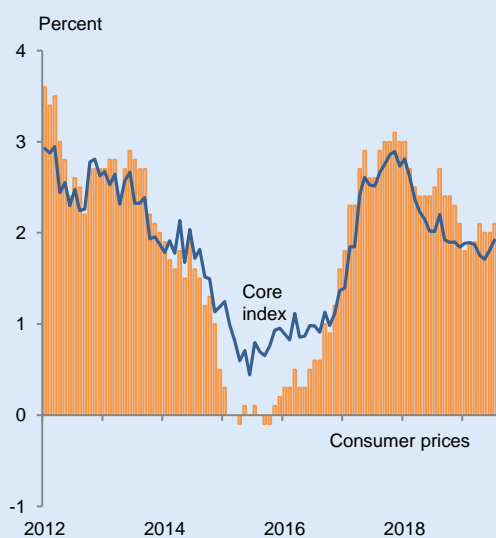
Figure 5.2:
Labor market, 2007–2018



Quarterly data, seasonally adjusted.

Source: Office for National Statistics, *Economy*.

Figure 5.3:
Consumer prices, 2012–2019



Monthly data, change over previous year. Core rate: consumer prices excluding energy and fresh food.

Source: Office for National Statistics, *Economy*.

Table 5.1:
Key indicators United Kingdom, 2018–2021

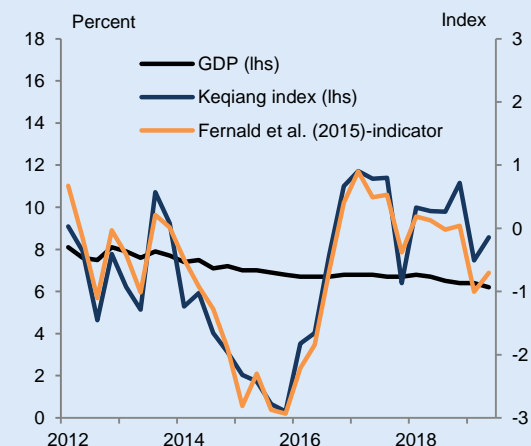
	2018	2019	2020	2021
Gross Domestic Product	1.4	1.1	0.2	1.5
Domestic expenditure	1.6	1.9	-0.4	1.6
Private consumption	1.7	1.9	0.7	1.2
Government consumption	0.4	2.8	2.3	2.4
Gross fixed investment	0.2	-0.3	-1.5	1.2
Inventories	0.4	1.2	-1.7	0.3
Net exports	0.3	-2.2	0.7	0.3
Exports	-0.2	0.2	-1.5	1.2
Imports	0.7	3.1	-3.5	1.5
Consumer prices	2.5	1.9	2.5	2.1
Unemployment rate	4.1	3.7	3.9	4.0
Current account balance	-3.9	-5.2	-3.5	-3.2
Government budget balance	-1.6	-2.3	-3.0	-3.0

Percent. GDP: volumes, change over previous year, percent. Net exports, inventories: contribution to growth, percentage points. Unemployment rate: unemployed in relation to labor force. Current account balance, government budget balance: percent of nominal GDP.

Source: Office for National Statistics, *Economy*; shaded: IfW forecast.

6. China

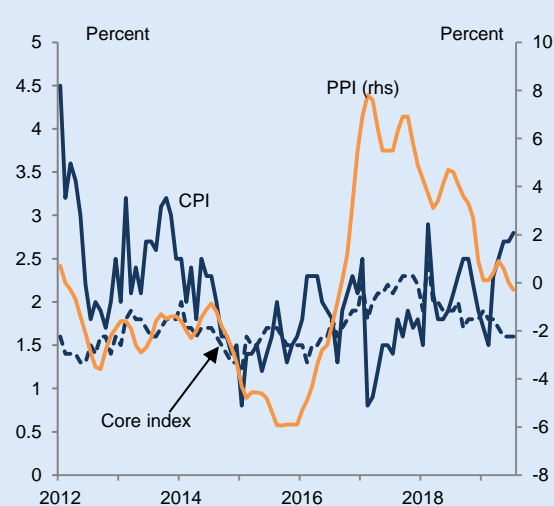
Figure 6.1:
GDP, 2012–2019



Quarterly data. GDP: year-on-year percentage change; Keqiang-index: arithmetic mean of the year-on-year growth rates of bank lending, electricity consumption and freight cargo; Fernald et al. (2015)-indicator: first principal component of the year-on-year growth rates of electricity production, railway cargo, retail sales and raw material prices (see Fernald et al. (2015). *Is China Fudging its Figures? Evidence from Trading Partner Data*. Federal Reserve Bank of San Francisco, Working Paper 2015-12).

Source: National Bureau of Statistics; People's Bank of China; own calculations.

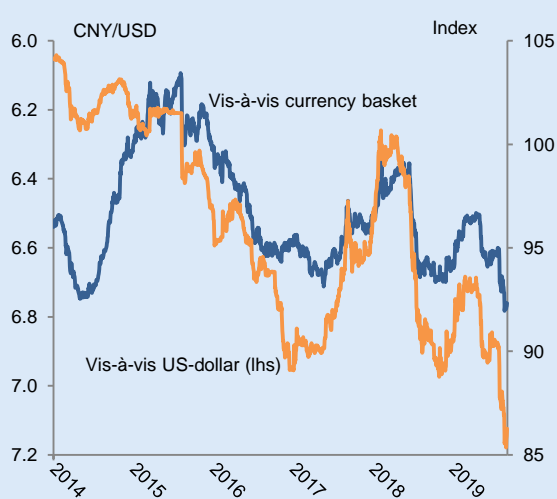
Figure 6.2:
Inflation, 2012–2019



Monthly data; y-o-y growth rate. Core index: CPI excluding food and energy.

Source: National Bureau of Statistics.

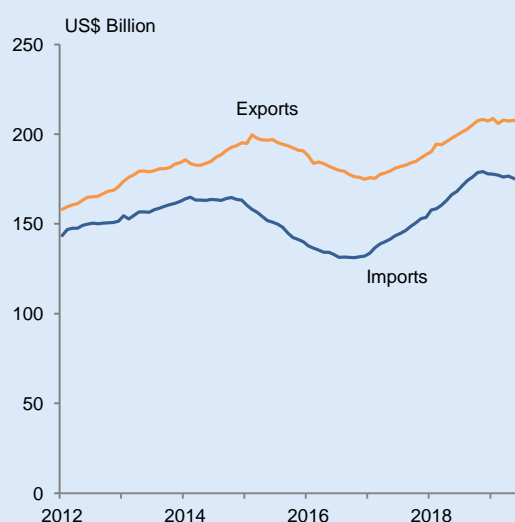
Figure 6.3:
Exchange rates, 2014–2019



Daily data.

Source: Thomson Reuters; China Foreign Exchange Trade System; Kiel Institute calculations.

Figure 6.4:
Exports and imports, 2012–2019

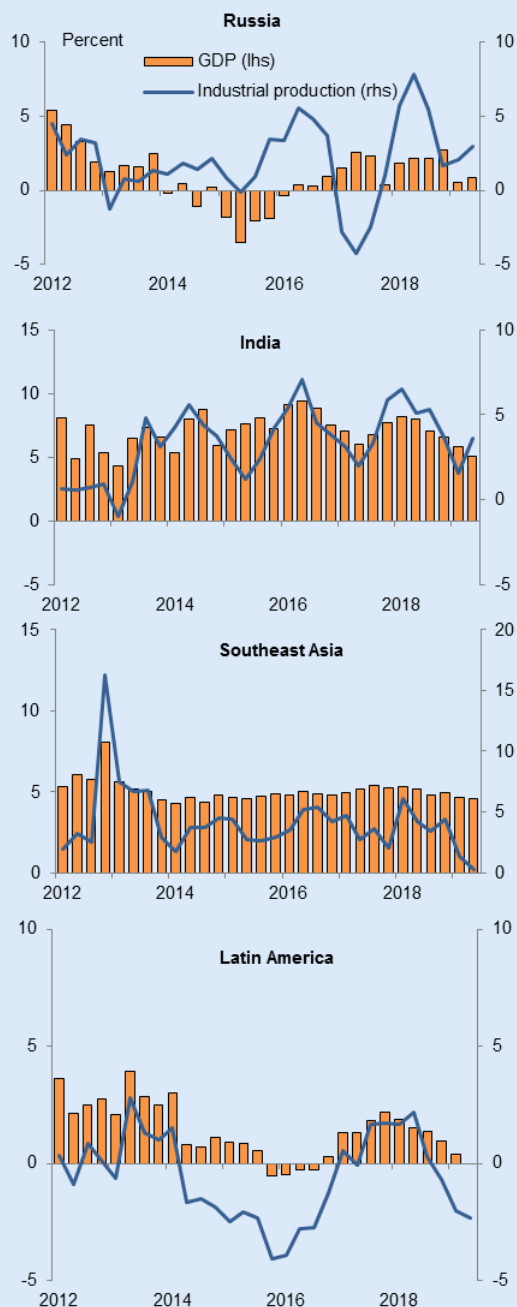


Monthly data, 12-month moving average.

Source: General Administration of Customs; own calculations.

7. Emerging Economies

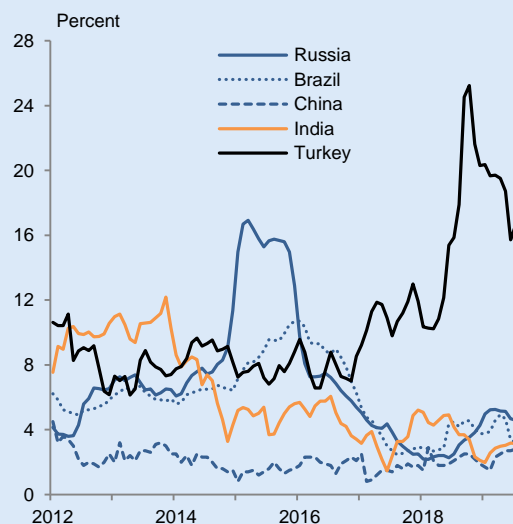
Figure 7.1:
GDP and industrial production in emerging economies
2012–2019



Quarterly data; volumes; seasonally adjusted; change over previous year; Southeast Asia: GDP-weighted average of Indonesia, Thailand, Malaysia and the Philippines; Latin America: GDP-weighted average of Argentina, Brasil, Chile, Colombia, Mexico and Peru.

Source: IMF, *International Financial Statistics*; national statistical offices; own calculations.

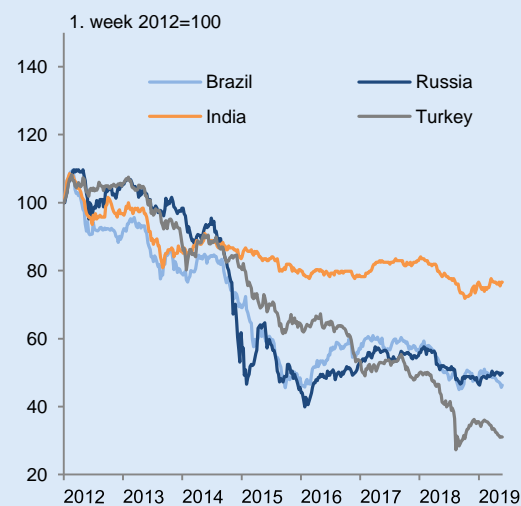
Figure 7.2:
Consumer prices, 2012–2019



Monthly data; change over previous year.

Source: National Statistics Offices.

Figure 7.3:
US-dollar exchange rates, 2012–2019



Weekly data. Last observation: 27.05.2019.

Source: Thomson Reuters Datastream.

8. Forecast summary

Table 8.1:
Key assumptions, 2019–2021

	2019				2020				2021			
	I	II	III	IV	I	II	III	IV	I	II	III	IV
Key interest rate												
United States	1.5	1.8	2.0	2.3	2.3	2.3	2.3	2.0	2.0	1.8	1.8	1.5
Japan	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Euro area	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates												
US-dollar/euro	1.23	1.19	1.16	1.14	1.14	1.12	1.13	1.13	1.13	1.13	1.13	1.13
Yen/US-dollar	108.3	109.2	111.5	112.8	113.0	111.0	110.0	110.0	110.0	110.0	110.0	110.0
Oil price (Brent, US-dollar)	66.9	74.5	75.1	68.8	63.2	67.9	61.3	61.6	61.9	62.2	62.5	62.8
HWWI-Index indust. commodities	129.8	129.5	121.9	118.1	123.6	124.8	125.2	125.6	126.0	126.6	127.2	127.9

Key interest rate: Fed Funds Rate (United States); overnight rate (Japan); main refinancing operations (euro area).

Source: HWWI, *Commodity Price Index*; IMF, *International Financial Statistics*; Federal Reserve Bank, *Intended Federal Funds Rate*; ECB, *Monthly Bulletin*; shaded: IfW forecast or assumption.

Table 8.2:
Real gross domestic product, consumer prices and unemployment rate in advanced economies, 2019–2021

	Weights	Real GDP			Consumer prices			Unemployment rate		
		2019	2020	2022	2019	2020	2021	2019	2020	2021
European Union	36.7	1.4	1.1	1.6	1.6	1.7	1.7	6.5	6.4	6.3
Euro area	26.6	1.2	1.2	1.5	1.2	1.2	1.3	7.4	7.2	6.9
United Kingdom	5.9	1.1	0.2	1.5	1.9	2.5	2.1	3.7	4.0	4.0
Sweden	1.1	1.4	1.0	2.1	1.8	1.4	1.7	6.5	7.0	7.1
Poland	1.1	4.0	2.3	2.9	2.0	2.5	2.7	3.5	3.4	3.5
Switzerland	1.4	1.2	2.2	1.5	0.6	0.8	1.1	4.7	4.4	4.3
Norway	0.8	1.4	1.6	1.9	2.3	1.7	2.1	4.2	3.8	3.7
United States	41.2	2.2	1.5	1.7	1.9	2.2	2.2	3.9	3.8	3.8
Canada	3.5	0.9	1.2	1.9	1.9	1.7	2.0	5.8	5.9	6.0
Japan	10.3	1.1	0.7	1.3	1.1	1.6	0.9	2.4	2.4	2.3
South Korea	3.2	1.8	2.4	2.8	0.8	1.0	1.4	3.9	4.1	4.0
Australia	2.8	1.4	1.4	2.4	1.7	1.6	2.0	5.4	5.4	5.3
Total	100.0	1.7	1.3	1.7	1.7	1.9	1.9	5.0	4.9	4.8

Based on GDP at prices and exchange rates of 2018 in percent. Change over previous year in percent. European Union and Norway: Harmonized Index of Consumer Prices (HICP). Standardized unemployment rate in percent (ILO); country groups weighted according to the size of the labor force in 2017.

Source: Eurostat, *VGR*; OECD, *Main Economic Indicators*; IMF *World Economic Outlook Database*; Statistics Canada, *Canadian Economic Account*; shaded: IfW forecast.

Table 8.3:
Real gross domestic product, consumer prices and unemployment rates in the European Union, 2019–2021

	Weights	Real GDP			Consumer prices			Unemployment rate		
		2019	2020	2021	2019	2020	2021	2019	2020	2021
Germany	21.1	0.4	0.6	1.4	1.4	1.4	1.4	3.1	3.3	3.4
France	14.8	1.3	1.4	1.4	1.2	1.2	1.3	8.5	8.3	8.0
Italy	11.1	0.1	0.6	1.0	0.8	0.8	0.9	10.1	9.6	9.0
Spain	7.6	2.3	2.0	1.8	1.0	1.1	1.3	13.9	12.9	12.2
Netherlands	4.9	1.9	1.7	1.8	2.2	2.1	2.3	3.3	3.4	3.4
Belgium	2.8	1.2	1.3	1.4	1.5	1.4	1.5	5.6	5.5	5.4
Austria	2.4	1.4	0.9	1.2	1.4	1.4	1.5	4.7	4.7	4.6
Ireland	2.0	5.4	2.7	2.2	0.9	1.3	1.5	5.1	4.9	4.8
Finland	1.5	1.1	1.2	1.4	1.1	1.2	1.3	6.6	6.6	6.5
Portugal	1.3	1.8	1.6	1.4	0.6	0.7	0.8	6.5	6.4	6.4
Greece	1.2	1.6	2.1	2.4	0.6	0.9	1.2	17.1	15.2	13.0
Slovak Republic	0.6	2.7	3.0	3.2	2.2	2.2	2.2	5.4	4.5	4.0
Luxembourg	0.4	2.3	3.0	2.8	1.9	2.1	2.1	5.5	5.3	5.2
Slovenia	0.3	2.5	2.2	2.4	1.4	1.5	1.5	4.3	4.1	4.0
Latvia	0.3	4.1	3.9	3.3	2.2	2.3	2.3	6.1	6.0	6.0
Lithuania	0.2	2.4	2.5	3.2	2.7	2.7	2.7	6.5	6.4	6.1
Estonia	0.2	3.6	3.1	3.2	2.6	2.9	2.9	4.5	4.3	4.2
Cyprus	0.1	3.1	2.8	2.8	1.1	1.6	1.6	7.1	6.0	5.5
Malta	0.1	3.6	3.8	3.3	1.4	1.7	1.7	3.4	3.2	3.1
United Kingdom	15.1	1.1	0.2	1.5	1.9	2.5	2.1	3.7	4.0	4.0
Sweden	2.9	1.4	1.0	2.1	1.8	1.4	1.7	6.5	7.0	7.1
Poland	3.1	4.0	2.3	2.9	2.0	2.5	2.7	3.5	3.4	3.5
Denmark	1.9	1.9	1.2	1.6	0.6	0.5	0.9	4.9	4.7	4.6
Czech Republic	1.3	2.5	2.1	2.8	2.4	2.5	2.7	2.0	2.0	2.0
Romania	1.3	4.4	3.2	2.9	4.1	3.9	4.2	3.9	4.0	4.1
Hungary	0.8	4.7	2.8	3.2	3.4	3.5	3.8	3.4	3.5	3.5
Bulgaria	0.3	3.4	2.6	3.2	2.8	2.8	3.3	4.5	4.5	4.4
Croatia	0.3	2.9	2.1	2.4	1.0	0.9	1.4	7.1	7.3	7.0
European Union	100.0	1.4	1.1	1.6	1.6	1.7	1.7	6.5	6.4	6.3
<i>Addendum:</i>										
European Union 15	91.3	1.1	1.0	1.5	1.3	1.4	1.5	6.8	6.7	6.5
Accession countries	8.7	3.7	2.6	3.0	3.5	3.8	4.1	5.1	5.0	5.0
Euro Area	72.8	1.2	1.2	1.5	1.2	1.2	1.3	7.4	7.2	6.9
Euro Area without Germany	51.7	1.5	1.4	1.5	1.1	1.2	1.3	9.0	8.5	8.1

Based on GDP at prices and exchange rates of 2018 in percent. Change over previous year in percent. Harmonized Index of Consumer Prices (HICP). Standardized unemployment rate in percent (ILO); country groups weighted according to the size of the labor force in 2018. Accession countries since 2004.

Source: Eurostat, *National Accounts*; shaded: IfW forecast.

Table 8.4:
Real gross domestic product and consumer prices in selected emerging market economies, 2018–2021

	Weights	Real GDP				Consumer prices			
		2018	2019	2020	2021	2018	2019	2020	2021
Indonesia	6.0	5.2	5.1	5.1	5.0	3.2	3.1	3.5	3.5
Thailand	2.3	4.1	3.0	3.1	3.0	1.1	1.1	1.5	1.5
Malaysia	1.7	4.7	4.5	4.1	4.1	1.0	1.0	2.5	2.7
Philippines	1.6	6.3	5.4	5.9	5.6	5.2	3.0	3.2	3.2
Total	11.5	5.1	4.6	4.7	4.6	2.7	2.4	2.9	2.9
China	43.1	6.5	6.2	5.9	5.7	2.1	2.4	2.3	2.3
India	17.9	6.8	5.9	6.7	6.9	3.5	2.8	3.6	4.0
Asian total	72.5	6.4	5.9	5.9	5.8	2.6	2.5	2.7	2.8
Brazil	5.7	1.1	0.9	1.8	2.3	3.7	3.9	4.0	4.0
Mexico	4.4	2.0	0.4	1.6	2.0	4.9	4.0	3.3	3.1
Argentina	1.6	-2.5	-2.7	0.6	2.6	30.0	52.0	28.0	20.0
Colombia	1.3	2.6	3.1	3.2	3.5	3.2	3.3	3.2	3.1
Venezuela	0.5	-17.0	-25.0	-12.0	-4.0	-	-	-	-
Chile	0.8	4.0	2.5	2.8	2.8	2.7	2.2	2.9	3.0
Peru	0.8	4.0	3.0	3.4	3.7	1.3	2.3	2.5	2.5
Latin America total	15.1	0.8	-0.2	1.4	2.2	6.6	8.9	6.1	5.2
Russia	7.2	2.2	0.6	1.5	1.8	3.7	4.6	3.5	3.5
Turkey	3.9	2.6	0.0	2.5	3.5	16.3	17.0	12.0	9.0
South Africa	1.3	0.8	0.7	1.1	1.8	5.0	5.4	5.5	5.5
Total	100.0	5.0	4.3	4.7	4.9	3.8	4.2	3.7	3.5

In percent. Weights: According to 2018 GDP at purchasing power parities. GDP: price adjusted; changes compared to the previous year. Consumer prices: changes compared to the previous year. Asia total, Latin America total: based on listed countries.

Source: IMF, *International Financial Statistics*; OECD, *Main Economic Indicators*; national statistics; own calculations; shaded: IFW forecast.